

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	
)	Order No.: NE-10-33
)	
Aurora Bank FSB)	
(f/k/a Lehman Brothers Bank, FSB))	Effective Date: November 30, 2010
Wilmington, Delaware)	
)	
OTS Docket No. 06069)	
)	

AMENDED ORDER TO CEASE AND DESIST

WHEREAS, Aurora Bank FSB (f/k/a Lehman Brothers Bank, FSB), Wilmington, Delaware, OTS Docket No. 06069 (Association) by and through its Board of Directors (Board) has executed a Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Amended Order to Cease and Desist (Amended Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Northeast Region (Regional Director), is authorized to issue amended Orders to Cease and Desist where a savings association has consented to the issuance of an amended order.

NOW, THEREFORE, IT IS ORDERED that:

Amendment of Existing Order.

This Amended Order amends OTS Order No. NE-09-02, previously issued by the OTS against the Association on January 26, 2009, and which remains in full force and effect. As set

forth in this Amended Order, OTS Order No. NE 09-02 is amended by the replacement of existing Paragraphs 2, 3, 4, 7, 8, and 9, with new Paragraphs 2, 3, 4, 7, 8, and 9.

OTS Order No. NE-09-02 is amended by the replacement of existing Paragraph 2 with new Paragraph 2:

2. Business Plan.

(a) Effective immediately, the Association shall implement and comply with the Business Plan dated November 22, 2010 (Business Plan).

(b) Any material modifications¹ to the Business Plan must receive the prior written non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.

(c) Within thirty (30) days after each month end, beginning with the month following the Effective Date, the Board shall review monthly variance reports on the Association's compliance with the Business Plan (Variance Reports). The Variance Reports shall:

- (i) identify material variances in the Association's actual performance during the preceding month as compared to the projections set forth in the Business Plan;
- (ii) contain an analysis and explanation of identified variances; and
- (iii) discuss the specific measures taken or to be taken to address identified variances.

¹ A modification shall be considered material under this Section of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the Business Plan; or (b) exceed the level of any activity contemplated in the Business Plan or fail to meet target amounts established in the Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material modification.

OTS Order No. NE-09-02 is amended by the replacement of existing Paragraph 3 with new Paragraph 3:

3. Funding and Liquidity Risk Management.

Effective immediately, the Association shall manage its funding and liquidity risk in a manner consistent with: (i) the Liquidity Management Plan dated November, 2010 and (ii) the guidance set forth in the Interagency Policy Statement on Funding and Liquidity Risk Management dated March 17, 2010. Management of funding and liquidity risk shall include, at a minimum, systems for (i) identification, measurement, monitoring, and controlling of the Association's funding and liquidity risks; (ii) diversification of funding sources; (iii) stress testing; (iv) establishment of a cushion of liquid assets, and (v) establishment of a contingency funding plan.

OTS Order No. NE-09-02 is amended by the replacement of existing Paragraph 4 with new Paragraph 4:

4. Capital Maintenance Agreement.

Effective immediately, the Association shall comply with the requirements and obligations created in the Capital Maintenance Agreement dated November 30, 2010 .

OTS Order NE-09-02 is amended by the replacement of existing Paragraph 8 with new Paragraph 8:

8. Restriction on Asset Growth.

(a) Effective immediately, the Association shall limit its total assets to an amount not to exceed the levels projected in the monthly pro forma financial statements contained in the Business Plan, unless previously authorized in writing by the Regional Director.

(b) Effective immediately, the Association shall prepare and submit to OTS, on a weekly basis, balance sheet information in the same format as it is currently generated and submitted to the OTS.

OTS Order No. NE-09-02 is amended by the replacement of existing Paragraph 9 with new Paragraph 9:

9. Brokered Deposit Restriction.

(a) Effective immediately, and except for deposits that are subject to a waiver issued by the Federal Deposit Insurance Corporation (FDIC) on or prior to the Effective Date, the Association shall not accept or renew: (i) any brokered deposits as defined in 12 C.F.R. § 337.6(a)(2) or (ii) any deposit on which the Association would pay an interest rate in excess of the national rate plus seventy-five (75) basis points, as published by the FDIC (see 12 C.F.R. § 337.6(b)(2)(ii)(B)), without first making a request pursuant to paragraph 9(b) and receiving prior written nonobjection of both the Regional Director and the Regional Director of the FDIC's New York Regional Office (FDIC Regional Director).

(b) Requests for nonobjection pursuant to subparagraph 9(a) shall be submitted to the Regional Director, with a copy to the FDIC Regional Director, and shall contain all of the information set forth in 12 C.F.R. § 303.243(c).

Effective Date of Amended Order, Incorporation of Stipulation.

This Amended Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: /s/
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

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OTS Docket No. 06069)	
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STIPULATION AND CONSENT TO ISSUANCE OF
AMENDED ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Northeast Region (Regional Director), issued an Order to Cease and Desist (OTS Order No. NE-09-02) (Order) against Aurora Bank FSB (f/k/a Lehman Brothers Bank, FSB), Wilmington, Delaware, OTS Docket No. 06069 (Association), pursuant to 12 USC § 1818(b), that became effective on January 26, 2009; and

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to modify the Order where the Association has consented to the issuance of an amended order to cease and desist; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a "savings association" within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, the Association is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain administrative enforcement proceedings against savings associations. Therefore, the Association is subject to the authority of the OTS to initiate and maintain administrative cease-and-desist proceedings against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its September 15, 2008 examination of the Association, and other supervisory information, the OTS finds that the Association has engaged in unsafe or unsound banking practices including:

- (a) operating the Association with excessive reliance on unstable funding sources; and
- (b) operating the Association with earnings that are insufficient to maintain adequate capital and reserves.

Consent.

4. The Association consents to the issuance by the OTS of the accompanying Amended Order to Cease and Desist (Amended Order). The Association further agrees to comply with the terms of the Amended Order upon the Effective Date of the Amended Order and stipulates that the Amended Order complies with all requirements of law.

Finality.

5. The Amended Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the

Effective Date, the Amended Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

6. The Association waives the following:
 - (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (c) the right to seek judicial review of the Amended Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Amended Order; and
 - (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Amended Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

7. Nothing in this Stipulation or accompanying Amended Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

8. The Association acknowledges and agrees that its consent to the issuance of the Amended Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise

pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Amended Order.

10. If any provision of this Stipulation and/or the Amended Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

11. All references to the OTS in this Stipulation and the Amended Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Amended Order are for convenience only and shall not affect the interpretation of this Stipulation or the Amended Order.

13. The terms of this Stipulation and of the Amended Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

14. The Stipulation and Amended Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors.

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Amended Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

AURORA BANK FSB
Wilmington, Delaware

OFFICE OF THRIFT SUPERVISION

By: /s/
Theodore Janulis
Director & CEO

By: /s/
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

/s/
Lana Harber, Director

/s/
Douglas Lambert, Director

/s/
Daniel L. Rabinowitz, Director

/s/
William Wesp, Chairman